

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2
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Arizona Corporation Commission

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9 IN THE MATTER OF THE GENERIC)
10 INVESTIGATION INTO THE)
11 RECOMMENDATION OF THE)
12 NUMBERING PLAN ADMINISTRATOR)
13 FOR AN AREA CODE RELIEF PLAN)
14 IN THE 602 AREA CODE)

DOCKET NO. T-00000F-97-0693

DECISION NO. 61301

ORDER

15 Open Meeting
16 December 18, 1998
17 Phoenix, Arizona

18 **BY THE COMMISSION:**

19 Over one-half of all telephone numbers in Arizona are in the 602 calling area. Competition in the local
20 telephone market, and the increasing demand for telephone numbers to provide second lines, fax
21 machines, modems and wireless services has resulted in a projected exhaust of the 602 area code in
22 mid-1999. The last exhaust of the 602 area code occurred only 3 years ago in 1995, resulting in the
23 addition of the 520 area code to all locations outside of the Phoenix metropolitan and suburban area.

24 **FINDINGS OF FACT**

25 **BACKGROUND AND PROCEDURAL HISTORY**

26 1. On April 28, 1997, the U S WEST Numbering Plan Administration Center as the Central
27 Office Code Administrator in Arizona filed an Industry Report ("Report") with the Commission
28 projecting that the 602 Number Plan Area ("NPA") would exhaust in late 1999. The Report stated that
service providers in Arizona were unable to reach consensus on a relief plan, and therefore, requested
the Commission to issue an order adopting a relief plan for the 602 area code. The Industry, after
considering all of the relief methods outlined in the Industry Numbering Committee NPA Code Relief

1 Planning and Notification Guidelines ("Industry Guidelines"), narrowed its choices to either an
2 "Overlay" or a "Geographic Split".¹

3 2. On August 13, 1997, in an effort to obtain additional input on the two relief methods and
4 to assist the NPA Relief Coordinator in formulating a specific recommendation, the Commission held
5 a 602 Area Code Relief Forum. At the Forum, the NPA Relief Coordinator, Mr. Jack Ott, presented
6 an overview of the pending exhaust, gave information on NXX code usage in the 602 NPA, and
7 provided a review of the Industry meetings. Representatives from Industry presented the positions in
8 favor of both the Overlay and Geographic Split. At the conclusion of the Forum, the Commission
9 asked the NPA Relief Coordinator for Arizona to submit a recommendation on a relief plan for the 602
10 Area Code.

11 3. On September 16, 1997, the NPA Relief Coordinator for Arizona submitted his
12 recommendation to the Commission for the adoption of an Overlay to address the impending exhaust
13 of the 602 area code.

14 4. On December 8, 1997, the Commission commenced a generic investigation on this issue
15 soliciting written comments from all interested parties and affected carriers in the 602 area code. The
16 Commission set January 8, 1998 as the deadline for initial comments and January 29, 1998 as the
17 deadline for reply comments. Parties filing initial comments included: Southwestco Wireless, L.P.,
18 DBA Cellular One ("Cellular One"), U S WEST NewVector ("NewVector"), U S WEST
19 Communications, Inc. ("U S WEST"), AT&T Communications of the Mountain States, Inc.
20 ("AT&T"), MCI Telecommunications Corporation ("MCI"), and the Arizona Payphone Association
21 ("APA"). Parties filing reply comments included: AT&T, Cox Arizona Telcom, Inc. ("Cox"), Cellular
22 One, U S WEST, and TCG Phoenix ("TCG").

23 5. On February 4, 1998, the Commission issued a Notice scheduling a series of public input
24 hearings around the Phoenix metropolitan area. The Notice also invited members of the public to

25 ¹ The traditional relief alternatives in the Industry Guidelines include the Geographic
26 Split, an Overlay, or a Realignment of Existing Area Code Boundaries. The Industry considered and
27 rejected several alternatives including a double split and an NPA realignment proposal before
28 recommending either a single Geographic Split or an Overlay. The double split was dropped because
it would have resulted in dividing the City of Phoenix. The boundary change which would have
moved portions of the current 602 NPA to the 520 NPA was eliminated because it shortened the life
of the 520 NPA, required some customers to change their entire telephone number, and provided only
limited relief to the 602 NPA.

1 submit written comment to the Commission on the issue.

2 6. On August 23, 1998, Dr. Bruce D. Merrill, a professor at Arizona State University whom
3 the Commission hired to conduct a telephone survey of subscribers in the 602 area code, submitted
4 his survey results to the Commission.

5 **SUMMARY OF COMMISSION STAFF RECOMMENDATION**

6 7. Commission Staff, after reviewing all of the comments submitted herein, the responses
7 to data requests sent to affected carriers to determine the impact of the various proposals presented,
8 and the rest of the record before it, recommends that the Commission adopt an all-services Overlay
9 to address the impending exhaust of the 602 area code, and that the Commission seek a waiver of the
10 mandatory 10-digit dialing requirement from the Federal Communications Commission ("FCC").

11 **RELIEF ALTERNATIVES**

12 A. **The "Geographic Split"**.

13 8. A "Geographic Split" involves splitting the affected area into two or three separate NPA codes.
14 Under this relief method, the geographic significance of area codes is retained since it divides the
15 original area code into two or more separate area codes. The customers in the old area code are least
16 affected since they retain the same 10-digit telephone number. Subscribers in the second area code
17 keep the last 7-digits of their existing telephone number but have a new area code.

18 9. After considering several different Geographic Split proposals, the Industry agreed to
19 the one contained in Attachment I of Staff's November 5, 1998 Memorandum. Basically, the agreed
20 upon proposal would leave almost all of Phoenix and small parts of Paradise Valley and Glendale in
21 the 602 NPA. The new NPA would cover the remaining parts of Phoenix and the other suburban areas
22 in the existing 602 local calling area. The proposed Geographic Split does not follow geographic lines
23 because customers are served from different wire centers in the Phoenix area. Deviation from the
24 existing wire center boundaries would require affected customers to change their 7-digit telephone
25 number, which is not desirable.

26 10. The Industry further recommended that if a Geographic Split is chosen, all existing
27 wireless numbers should remain in the 602 NPA so that reprogramming of the wireless phones would
28 not be necessary.

11. Under the Geographic Split, 7-digit dialing would continue within each NPA; however,

1 10-digit dialing would be required between NPAs or area codes. All calls between the affected NPAs
2 would still be local in nature, which means that customers would not be assessed toll charges for these
3 calls.

4 **B. The "Overlay".**

5 12. With the "Overlay" method of relief, the new NPA or area code would be "overlaid" on top
6 of the existing 602 area code. This means that all existing customers would keep their current 10-digit
7 telephone number with the 602 area code, and most new customers would receive the new NPA or area
8 code. The Industry agreed that if the Overlay method of relief is selected, any 602 NXX codes
9 remaining at the time the new NPA code became available should be evenly allocated to new service
10 providers.

11 13. Under existing FCC rules and regulations, implementation of an Overlay is subject to
12 the following conditions:

- 13
- 14 a. Mandatory 10-digit dialing for all local telephone calls in the future in the affected area
15 regardless of whether the calls are within or between NPAs.
- 16
- 17 b. Provision of at least one Central Office Code (C.O. Code) from the existing NPA to all
18 service providers who have been authorized to provide telecommunications services 90
19 days prior to the introduction of the new area code.

20 **POSITION OF INTERESTED PARTIES AND AFFECTED CARRIERS**

21 **A. Public Input Hearings.**

22 14. The Commission held a series of public input hearings around the Phoenix metropolitan
23 area in an attempt to garner input on the public's preference with respect to the two relief options under
24 consideration. During the months of January and February, 1998, public input hearings were held at
25 the Commission's Offices in downtown Phoenix, in Tempe, Scottsdale, and Sun City. Because
26 attendance was relatively light, the hearings did not provide much insight into which relief method the
public preferred.

27 15. Of the customers present at the public input hearings, opinion was about equally divided
28 between the Geographic Split and Overlay. In addition, representatives from the alarm industry who

1 were present expressed preference for an Overlay. Many consumers also expressed preference for a
2 service-specific Overlay for wireless services, an option prohibited under current FCC rules and
3 regulations.

4 **B. Written Comments Of Affected Carriers.**

5 16. The Commission also solicited written comment from interested parties and affected
6 carriers. Of the affected carriers or industry associations who filed written comments, the APA,
7 AT&T, TCG, MCI , and Cox supported the Geographic Split. On the other hand, U S WEST,
8 NewVector and Cellular One supported the Overlay.

9 17. Those commenters favoring an Overlay, generally cited the following factors and
10 concerns:

- 11
- 12 a. An Overlay minimizes customer disruption by allowing all existing customers to retain
13 their current telephone numbers.
- 14
- 15 b. A Geographic Split will cause significant costs to be incurred by customers transferred
16 to the new NPA. An Overlay avoids the costs associated with many existing customers
17 having to change their NPA or area code with a Geographic Split.
- 18
- 19 c. An Overlay avoids the actual introduction of the new area code for as long as possible,
20 since the 602 area code would be completely exhausted before the new area code is
21 assigned.
- 22
- 23 d. An Overlay is a long-term solution. Once selected, an Overlay is used in the future on
24 all numbering exhausts. New area codes are simply placed over the affected area with
25 each impending exhaust.
- 26
- 27 e. Future relief planning would be simplified by eliminating the need for another round of
28 workshops, meetings and hearings to decide what approach to take in the future.

1 f. An Overlay will provide a longer relief period than the Geographic Split method. Based
2 on current estimates, if a Geographic Split is elected, additional area code relief would
3 be required in 2003. If an Overlay is elected, new relief will not be required until 2007.

4
5 g. An Overlay avoids splitting communities, cities and political districts. It also avoids the
6 "ever shrinking area code syndrome", and the associated reoccurring consumer
7 disruption, the future division of communities of interest, and constantly changing area
8 code geographic boundaries.

9 18. On the other hand, proponents of the Geographic Split generally cited the following
10 factors and arguments:

11
12 a. A Geographic Split is the traditional method of relief easily understood by customers.
13 According to customer surveys in Washington, California, Colorado, and Connecticut,
14 customers prefer Geographic Splits.

15
16 b. A Geographic Split will preserve 7-digit dialing within NPAs and may be less confusing
17 to customers. Commenters claim that an Overlay will be particularly difficult for older
18 citizens and children, given the change to mandatory 10-digit dialing and the presence
19 of different area codes in the same home or neighborhood.

20
21 c. An Overlay will destroy the area's geographic identity. It will no longer be possible to
22 determine where a particular home or business is located by reference to its area code.
23 With a Geographic Split, the City of Phoenix would retain its current geographic
24 identification with the 602 area code, and the development of a separate NPA identity
25 for cities such as Scottsdale, Tempe and Mesa would be possible.

26
27 d. An Overlay will harm emerging local exchange competition in the affected area.
28 Commenters state that U S WEST now has approximately 90 percent or more of

existing NXXs. Without Local Number Portability ("LNP"), under an Overlay, new entrants would receive the bulk of their telephone numbers from the new area code, which will be unfamiliar and less desirable to most customers. Additionally, U S WEST will continue to have many "warehoused" numbers in the 602 area code, and therefore, it is questionable that U S WEST will soon have to assign its customers to the new area code. Also, U S WEST will benefit from the "churn" of existing numbers which will act to further enrich its supply of 602 numbers.

e. An Overlay will also increase costs to customers. Promotional material which does not include the full 10-digit telephone number will have to be reprinted on business cards, stationery, advertising and signs. The need for changes may be more numerous since there will be no way to identify the area code for a given business from its physical location, as the Overlay removes the "area" from the area code. Finally, there is an additional cost of having to reprogram all phone systems, burglar alarm systems and customer premises equipment for 10-digit dialing.

f. The Geographic Split allows the Commission to maintain flexibility in selecting options for future NPA relief. Once an Overlay is implemented, the Commission is effectively limited to implementing additional Overlays.

C. Customer Preference Survey.

19. Dr. Bruce Merrill, a professor at Arizona State University, conducted a poll for the Commission of affected subscribers to determine customer preference with respect to the Geographic Split or the Overlay. Dr. Merrill contacted 407 registered voters living in Maricopa County. The results of Dr. Merrill's survey are attached as Attachment II of Staff's November 5, 1998 Memorandum. The survey results show that 46 percent of those surveyed favor a Geographic Split, 33 percent of those surveyed do not have a preference as to the relief option chosen, and 21 percent of those surveyed favor an Overlay.

20. The Commission's Consumer Services Division also tallied the results of comments they

1 received, and while small in number (32), these comments reveal an almost even split in public
2 opinion between the two methods of relief.

3 RELIEF OBJECTIVES OR GOALS

4 21. In examining this issue, the Commission must weigh the importance of a variety of
5 factors that affect all or a portion of the telecommunications users in the 602 area code. Compounding
6 the difficulty of this task is the knowledge that regardless of the plan chosen, either option includes
7 attributes that both industry and consumers may find confusing, disruptive, and objectionable.

8 22. The following four considerations or objectives are either identified in Industry
9 Guidelines or FCC Orders on NPA exhaust, and thus it is important that the Commission consider
10 them in making its decision. First, the plan selected should maximize the time frame before another
11 disruptive NPA relief action is necessary. Second, the relief method selected should be competitively
12 neutral. Third, the plan should minimize the total costs to all affected parties. Fourth, the relief option
13 chosen should be the least confusing and disruptive to customers and take into account customer
14 preferences. The following comparative analysis will examine the issues with these four goals in
15 mind.

16 ANALYSIS

17 A. Maximizes Time Before Additional Relief Is Required.

18 23. A common concern, and one expressed by many parties herein, relates to the relief
19 planning process in general and the length of the relief period under both alternatives. It is important
20 to try to avoid another exhaust situation for as long as possible because of the disruption and confusion
21 to the public caused by changes in telephone numbers.

22 24. Industry Guidelines recommend that the Commission not adopt any relief measure that
23 is estimated to last less than five years. According to Industry estimates, the proposed Geographic
24 Split will result in the need for relief in the Phoenix core area in just four years and the suburban area
25 in 12 years. This means that under the Industry's own Guidelines, the proposed Geographic Split
26 would not be sanctioned as a relief option in this instance, since a large portion of the affected area is
27 projected to exhaust again in four years.

28 25. Cox counters that an Overlay cannot provide a greater relief period than the Geographic
Split method since exactly the same number of telephone numbers will become available under both

1 methods. Staff finds this argument to be meritless. To the contrary, the periods of relief can be
2 expected to vary greatly under the two relief options, because each NPA will grow at a different rate
3 and will have a different amount of numbers available to it.

4 26. Other commenters point out that the boundaries of the proposed Geographic Split could
5 be changed to even out the lives of the codes in old NPA and new NPA. The Staff has not examined
6 this option because the proposed Geographic Split now before the Commission was the product of
7 Industry consensus. In addition, in order to equalize the relief periods between NPAs, the City of
8 Phoenix would have to be split, an option which the Industry has rejected.

9 27. From a relief planning perspective, the Overlay is a particularly attractive option for the
10 Phoenix market because it is used in predominantly high growth areas, since it is a long-term method
11 which simplifies the relief planning process in the future. As such, it is also less disruptive than a
12 Geographic Split on an ongoing basis. The Phoenix metropolitan area has experienced tremendous
13 growth in recent years, a trend which is expected to continue well into the next decade. High growth
14 areas tend to experience what is known as the "ever shrinking area code syndrome", where the
15 recurring need for relief results in an ever expanding number of area codes. It has been only three (3)
16 years since the 602/520 split in this area. With the continued high levels of growth projected in the
17 602 NPA over the next decade, the Commission can expect to address this issue at least this often in
18 the future, if not more often if the Geographic Split method of relief is chosen.

19 28. The recent experience in Texas is instructive. The Texas Commission adopted a
20 Geographic Split for the Dallas and Houston areas which, while originally projected to last much
21 longer, is now projected to exhaust again a mere two years later because of the tremendous growth in
22 the area. This is a good example of what can happen in high-growth markets such as Phoenix. The
23 "ever shrinking area code syndrome" or presence of multiple area codes in a large urban area also
24 results in a slow erosion of many of the benefits generally associated with a Geographic Split.

25 29. In summary, an Overlay will maximize the time before further relief is necessary and will
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27
28

1 simplify future relief planning in the Phoenix metropolitan area.²

2 **B. The Relief Option Chosen is Competitively Neutral.**

3 30. Another important objective identified in FCC Orders on NPA Exhaust should be to
4 minimize any adverse impact upon emerging competition in the local telephone market in the affected
5 area. Many telephone providers, particularly competitive local exchange carriers ("CLECs"), oppose
6 an Overlay because they claim it places them at a competitive disadvantage.

7 31. Regardless of the plan selected, NPA relief will have some effect on competition. The
8 crux of this issue centers on the new service providers' ability to have access to the supposedly more
9 desirable NXX codes in the 602 NPA. In this regard, a Geographic Split (particularly in the absence
10 of LNP) may be the most equitable means of assigning code resources to both the new service
11 providers and U S WEST. This is because the Geographic Split method duplicates the NXX codes
12 in each geographically bound NPA, giving new service providers access to those codes on an equal
13 basis with U S WEST.

14 32. However, many of the anti-competitive concerns of an Overlay identified by parties have
15 been substantially alleviated with the implementation of LNP in the Phoenix MSA in August of this
16 year. Those parties opposing an Overlay were primarily concerned that LNP would not be available
17 in the 602 area code by the time the Overlay was implemented. For instance, Cox urged the
18 Commission not approve the Overlay option until LNP had been fully implemented in the Phoenix
19 metropolitan area. Without LNP, CLECs would be competitively disadvantaged because a customer
20 would have to change his or her existing telephone number to take service from a CLEC. With LNP,
21 existing telephone subscribers may change carriers and keep their existing telephone numbers. In
22 other words, with LNP it is easier to port 602 numbers, and thus more 602 numbers will be available
23 to the CLECs and their customers.

24 33. Even with LNP, however, opponents of the Overlay argue that its anti-competitive effects
25 will not be mitigated in two instances. The two instances involve a new customer who did not

26 ² The feasibility of implementing a service-specific Overlay in the 602 area code was
27 also examined because of the expressed preference for this option at the public input hearings. Based
28 upon the data received, a service-specific overlay would only prolong the need for additional relief in
the 602 area code by approximately 3-4 years. In addition, the service-specific overlay is currently
prohibited under FCC rules and regulations, and it would be difficult to demonstrate "special
circumstances" which would be necessary to obtain a waiver of the rule.

1 previously have service with another carrier, and an existing customer who orders an additional line.
2 In each instance, the CLEC argues it would have to assign the customers a new area code.³ However,
3 under both of these examples, this is true only to the extent that the CLEC has already utilized all of
4 its existing 602 NXX codes. Moreover, this is equally true with respect to U S WEST. While U S
5 WEST has "warehoused" numbers in the 602 area code, all facilities-based CLECs also have assigned
6 NXX codes that are not fully utilized at this time.

7 34. Staff finds that the record demonstrates that with the implementation of LNP in the
8 Phoenix MSA, many of the anti-competitive concerns of an Overlay identified by parties in this
9 Docket have been eliminated. Therefore, while competitive issues continue to be a significant
10 consideration in the Commission's determination, such factors no longer tip the scales in either
11 direction. With LNP, the playing field has been leveled to a significant degree.

12 35. However, to further alleviate any remaining concerns in this regard, if an all-services
13 Overlay is chosen as Staff recommends, Staff proposes: (1) adoption of the Industry's recommendation
14 to retain the remaining 602 numbers for new service providers, and (2) adoption of a voluntary take-
15 back program of unused NXXs, which may result in the availability of more 602 NXXs for all carriers.
16 While Staff believes that number pooling would be the best solution to the concerns identified, it is
17 not expected to be available until the year 2000, when some consensus is achieved at the Federal level
18 and the FCC addresses the issue.

19 **C. Minimizes Costs to Both Consumers and the Industry.**

20 36. The next consideration relates to the costs to both Industry and consumers under the two
21 alternatives. Since either method of NPA relief comes with a price tag to Industry and consumers
22 alike, the focus must be to select the method that will minimize the overall cost to consumers and
23 Industry.

24 37. With a Geographic Split, costs will be incurred by approximately 40 to 50 percent of
25 existing 602 customers to change their existing NPA code to the new NPA. The costs to businesses
26

27 ³ Several CLECs suggest that customers may prefer to do business with "established "
28 companies that utilize the existing 602 area code. This assumes that a "new business" stigma attaches
to companies that utilize the new NPA. It is likely, however, that if there is such a stigma, it will be
short-lived as the new area code becomes more prevalent. Additionally, under a comprehensive
education program, familiarization of the new NPA should occur quickly.

1 will include changing vehicle markings, stationery and other promotional materials. The costs to many
2 other subscribers in addition to businesses transferred to the new NPA will include reprogramming
3 of customer premises equipment and alarm systems. Any future NPA Geographic Splits would result
4 in the same costs every time additional relief is needed.

5 38. On the other hand, there are also substantial costs associated with an Overlay.
6 Businesses will bear the costs of printing all 10-digits of their number on stationery, vehicles and other
7 promotional materials. All phone systems, burglar alarm systems and customer premises equipment
8 will also have be reprogrammed to accommodate mandatory 10-digit dialing. In addition, there are
9 central office reprogramming costs under both relief methods.

10 39. The record demonstrates that substantial costs will be incurred in the short-term under
11 either the Overlay or the Geographic Split. However, in the long-term, costs should be lower with an
12 Overlay because it will simplify the decision-making process in the future since it is a long-term
13 permanent solution.

14 **D. Minimizes Confusion and Disruption to Customers.**

15 40. The final concerns expressed by parties relate to the adverse impacts upon consumers
16 under both relief methods. The impact upon customers is perhaps the single most important factor that
17 the Commission must consider when making its decision. The disruption and confusion caused by
18 changes in telephone numbers affect not only callers located in the Valley, but these changes also
19 affect callers in other parts of the country who place calls to the Phoenix area. Neither the Geographic
20 Split nor the Overlay will be completely transparent to customers in the affected area.

21 41. Examination of the record reveals that both methods of relief have advantages and
22 disadvantages as far as their impact upon end-users. The Geographic Split has been in existence
23 longer and has been successfully implemented in many metropolitan areas across the country.
24 Consumer preference surveys indicate that more customers prefer the Geographic Split for a variety
25 of reasons. However, this may be due to the fact that an Overlay is still a relatively new concept which
26 appears to just now be gaining acceptance. The use of Overlays has grown from two in 1996 to seven
27 in 1998.

28 42. A Geographic Split will require between 40 to 50% of the existing 602 customers to
change their current telephone numbers. The Overlay does not require any existing customers to

1 change their telephone numbers, and therefore, avoids this considerable initial disruption to almost half
2 the customers in the affected 602 area code.

3 43. The Geographic Split, however, may be less confusing to customers when one considers
4 that the geographic identity of area codes remains intact. Thus, if a customer wants to call a friend in
5 Tempe, he or she should be able to associate that location with a particular area code. However, with
6 LNP, this may not be true in the future because LNP provides location and service provider portability
7 within a rate center and the 602 area has only one rate center. Nonetheless, a primary concern
8 mentioned in conjunction with an Overlay is the potential confusion created by having different area
9 codes in the same neighborhood or at the same customer location.

10 44. Dialing patterns is the other large concern raised by opponents of both relief methods.
11 Seven-digit dialing is left intact within NPAs with the Geographic Split option. Many commenters
12 believe that 7-digit dialing on local calls within an NPA is less confusing to customers. However, at
13 the same time, concern is expressed that it may actually be more confusing to customers to have a
14 combination of 7-digit and 10-digit dialing on local calls.

15 45. Those opposing an Overlay, however, argue that mandatory 10-digit dialing for all local
16 calls in the future will be confusing to customers and extremely inconvenient. They argue that
17 mandatory 10-digit dialing will be particularly difficult for older citizens and children and could pose
18 a safety concern, particularly in Arizona, given its large senior citizen population.

19 46. The customer survey for Arizona could also be interpreted to suggest that more
20 customers chose the Geographic Split because of the inconvenience associated with mandatory 10-
21 digit dialing for all local calls with an Overlay. While the survey sample was extremely small, and
22 this must be taken into account in determining the weight to be accorded it, other surveys across the
23 country also suggest that mandatory 10-digit dialing may be confusing and burdensome to customers.

24 47. The Commission must attempt to find a reasonable balance for consumers, weighing all
25 of the concerns just discussed and taking into account the consumer preference surveys. From a
26 customer standpoint, an all-services Overlay with 7-digit dialing on calls to the same NPA most
27 closely achieves the balance desired. Customer surveys demonstrate a strong customer preference for
28 retention of 7-digit dialing for calls within the same NPA, and the conditions within the 602 area code

1 are particularly favorable for waiver of the mandatory 10-digit dialing requirement.

2 48. The FCC has imposed this requirement due to anti-competitive concerns. The
3 consolidation of all rate centers into one in the 602 area code, together with LNP implementation in
4 the affected area in August of this year, greatly minimizes any anti-competitive impact associated with
5 the maintenance of 7-digit dialing within NPAs. In addition, Staff is recommending a voluntary take-
6 back program of NXX codes which have not been utilized at the time the Overlay is implemented.⁴
7 Together, all of these factors alleviate the need for mandatory 10-digit dialing in conjunction with
8 Overlay implementation in the 602 area code.

9 **NUMBER CONSERVATION MEASURES**

10 49. The Commission and Industry have already taken substantial steps to prolong the life of
11 the existing 602 area code. For example, rate center consolidation, which significantly reduces the
12 number of NXX codes new service providers need to compete within a given calling area, has already
13 been implemented in the Valley. In Decision No. 59311, the Commission took certain actions to help
14 conserve NXX codes in both the 602 and 520 NPAs.

15 50. Additional number conservation procedures that were considered which would be viable
16 for the future, but which would not necessarily help the current exhaust, include mandatory NXX
17 reclaim and number pooling. Staff completed an analysis of the number of clean and contaminated
18 (10% or less numbers assigned) 1,000 number blocks in the 602 NPA in June 1998. The analysis
19 determined that even if every NXX code could be reclaimed, it would only postpone the relief date by
20 six months. While number pooling holds great promise, the NPA Relief Coordinator and others
21 estimate that number pooling will not be available prior to the year 2000, when the FCC has had an
22 opportunity to consider the matter.

23 51. However, most parties in their written comments support further examination of various
24 number conservation measures. Staff, therefore, recommends that the Commission Staff continue to
25 monitor developments concerning number pooling at the federal level and that the Commission
26 address this issue once national direction is received.

27
28 ⁴ Current FCC orders only permit states to institute "voluntary" take-back programs at this time, until the issue is the subject of more analysis at the federal level.

IMPLEMENTATION ISSUES**A. Permissive Dialing Periods.**

52. The Numbering Administrator for Arizona recommends that a four-month permissive dialing period begin on the first of February and end the first of June, 1999, at which time the new NPA code could be activated.

53. Staff notes that a four-month permissive dialing period is the shortest period recommended in the Industry Guidelines; however, the Numbering Administrator for Arizona has indicated that more flexibility is available with an Overlay. Staff supports the Numbering Administrator's proposal for a four-month permissive dialing period to commence the first of February and end on the first of June, 1999, at which time the new NPA would be activated. However, such support is qualified so that adjustments may be made for any changes in the projected exhaust date or to accommodate other factors, at the discretion of the Commission Staff.

B. Future NXX Code Allocation.

54. On September 11, 1998, Staff met with the NPA Relief Coordinator for Arizona to determine the current projected exhaust date and to obtain a suggested course of action to prevent NXX code depletion in the 602 NPA. On that date there were 75 NXX codes available and NXX code assignments were averaging seven new codes per month. The Coordinator projected that the exhaust date would be mid-1999. The present usage of seven codes per month compares to an average NXX code usage per month of nine in 1996 and six in 1997.

55. Staff recommends that NXX code usage be closely monitored, as any spike in usage could make it necessary for Lockheed-Martin, the current NXX code administrator for the 602 NPA, to declare the 602 in jeopardy. A jeopardy situation is serious because it indicates that the forecasted and/or actual demand for NXX codes will exceed the known supply during the planning/implementation interval for NPA relief.

56. In general, during a jeopardy situation the NXX Code Administrator attempts to prevent NXX exhaustion by obtaining Industry consensus on a method of NXX code allocation. If the Industry fails to reach consensus, the Code Administrator would request the Commission to establish an allocation procedure. Staff recommends that the Commission require prior notification and consultation before any declaration of jeopardy in the 602 area code and before any new allocation

1 procedure is implemented.

2 **CONSUMER EDUCATION AND TECHNICAL ISSUES**

3 57. The Numbering Administrator for Arizona proposes that two implementation committees
4 be established at this time, one to address customer education and the other to address technical issues.

5 58. Staff supports this action and recommends that the Commission require the Industry to
6 work with Commission Staff to develop a comprehensive customer education program similar to the
7 program used in Colorado in conjunction with the implementation of an Overlay in the Denver
8 metropolitan area, and to address other technical issues associated with implementation of an Overlay
9 in the 602 area code.

10 59. Staff believes that customer education is a key element in the successful implementation
11 of either the Geographic Split or Overlay. Further, since everyone, including the wireless and new
12 wireline entrants, benefits from the successful introduction of the new NPA, all service providers
13 should pay a share of the customer education program based on the number of NXX codes they
14 control.

15 60. Finally, Staff filed a memorandum on December 17, 1998 outlining potential options
16 available for a geographic split.

17
18 **STAFF RECOMMENDATION**

19 Based upon findings of fact 1-60, Staff recommends:

- 20
21 a. That the Commission adopt the all-services Overlay method of relief to address the
22 impending exhaust of the 602 area code.
23
24 b. That the Commission immediately seek a waiver from the FCC of the mandatory 10-
25 digit dialing requirement for all local calls within each NPA.
26
27 c. That the Commission Staff work with Industry to develop a comprehensive customer
28 education program similar to the program used in Colorado in conjunction with the

introduction of a new area code in the Denver metropolitan area, and to address technical issues relating to implementation of an all-services Overlay.

- d. That the Commission order that the costs of any customer education program be paid by all service providers based on the number of NXX codes that they control.
- e. That the Commission adopt the Industry's recommendation to retain all remaining 602 NXX codes for new service providers, to the extent codes are available after permissive dialing.
- f. That the Numbering Administrator's proposal for a four-month permissive dialing period be adopted, which shall commence February 1, 1999 and end June 1, 1999, at which time the new NPA will be activated; subject to potential adjustments for any changes in the projected exhaust date and other factors, at the discretion of the Commission Staff.
- g. That the Commission adopt a voluntary take-back program of unused NXXs, which should result in the availability of more 602 NXXs for new service providers.
- h. That the Commission require prior notification and consultation before any declaration of jeopardy in the 602 area code and implementation of a new allocation procedure.

CONCLUSIONS OF LAW

- 1. The Commission has jurisdiction over the subject matter of this investigation.
- 2. The recitals of fact and conclusions of law set forth above are supported by the record and are hereby adopted as findings of fact and conclusions of law.
- 3. The record in this proceeding supports adoption of the geographic split as identified as Figure 2 from Staff's memorandum dated December 17, 1998.

ORDER

IT IS THEREFORE ORDERED that the geographic split as identified as Figure 2 in Staff's memorandum dated December 17, 1998 is hereby adopted.

IT IS FURTHER ORDERED that permissive dialing be extended for the alarm industry until November 30, 1999.

IT IS FURTHER ORDERED that all wireless NXX codes assigned through October 31, 1999 in the 602 NPA will be grandfathered.

IT IS FURTHER ORDERED that after November 1, 1999, any new prefixes assigned to wireless carriers shall come from the appropriate area code dependant upon the location of the switching center.

IT IS FURTHER ORDERED that the costs of any customer education program shall be paid by all service providers in the 602 area code based upon the number of NXX codes which they control.

IT IS FURTHER ORDERED that 2 (two) years prior to any NPA exhaust, that a Task Force be established to analyze and provide input and recommendations to the Commission regarding additional area codes that will be required in the future.

IT IS FURTHER ORDERED that the Numbering Administrator's proposal for a six-month permissive dialing period shall commence March 1, 1999 and end September 1, 1999, at which time the new NPA will be activated.

IT IS FURTHER ORDERED that Staff will work with the industry to assist in minimizing customers financial hardships created by the changing of their NPA.

IT IS FURTHER ORDERED that within 120 days of the date of this order all present wireline and wireless providers working together will develop and present to the Commission a numbering pooling plan for the State of Arizona that is flexible in its capability to be modified to meet the national number pooling guidelines when adopted by the FCC.

IT IS FURTHER ORDERED that the East Valley will acquire the 480 area code and the West Valley will acquire the yet to be assigned area code.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION



COMMISSIONER-CHAIRMAN

COMMISSIONER_____
COMMISSIONER

IN WITNESS WHEREOF, I, JACK ROSE, Executive Secretary of the Arizona Corporation Commission, have hereunto set my Hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 22nd day of Dec, 1998.



JACK ROSE, EXECUTIVE SECRETARY
DISSENT

RTW:DS:LS:mas/MAS

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